



Senate

General Assembly

File No. 440

February Session, 2016

Substitute Senate Bill No. 368

Senate, April 4, 2016

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING LICENSURE OF SINGLE PURPOSE DENTAL HEALTH CARE CENTERS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-175 of the 2016 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective October 1, 2016*):

4 As used in this section and sections [38a-175] 38a-176 to 38a-194,
5 inclusive, as amended by this act:

6 (1) "Healing arts" means the professions and occupations licensed
7 under the provisions of chapters 370, 372, 373, 375, 378, 379, 379a, 380,
8 381, 383 and 400j.

9 (2) "Carrier" means a health care center, insurer, hospital service
10 corporation, medical service corporation or other entity responsible for
11 the payment of benefits or provision of services under a group
12 contract.

13 (3) "Commissioner" means the Insurance Commissioner, except
14 when explicitly stated otherwise.

15 (4) "Evidence of coverage" means a statement of essential features
16 and services of the health care center coverage [which] that is given to
17 the subscriber by the health care center or by the group contract
18 holder.

19 (5) "Federal Health Maintenance Organization Act" means Title XIII
20 of the Public Health Service Act, 42 USC Subchapter XI, as [from time
21 to time] amended from time to time, or any successor thereto relating
22 to qualified health maintenance organizations.

23 (6) "Group contract" means a contract for health care services
24 [which] that by its terms limits eligibility to members of a specified
25 group. The group contract may include coverage for dependents.

26 (7) "Group contract holder" means the person to which a group
27 contract has been issued.

28 (8) "Health care" includes, but shall not be limited to, the following:
29 [Medical] (A) For a health care center that provides medical and
30 surgical services other than or in addition to dental services, (i)
31 medical, surgical and dental care provided through licensed
32 practitioners, including any supporting and ancillary personnel,
33 services and supplies; (ii) physical therapy service provided through
34 licensed physical therapists upon the prescription of a physician; (iii)
35 psychological examinations provided by registered psychologists; (iv)
36 optometric service provided by licensed optometrists; (v) hospital
37 service, both inpatient and outpatient; (vi) convalescent institution care
38 and nursing home care; (vii) nursing service provided by a registered
39 nurse or by a licensed practical nurse; (viii) home care service of all
40 types required for the health of a person; (ix) rehabilitation service
41 required or desirable for the health of a person; (x) preventive medical
42 services of all and any types; (xi) furnishing necessary appliances,
43 drugs, medicines and supplies; (xii) educational services for the health
44 and well-being of a person; (xiii) ambulance service; and (xiv) any

45 other care, service or treatment related to the prevention or treatment
46 of disease, the correction of defects and the maintenance of the
47 physical and mental well-being of human beings. Any diagnosis and
48 treatment of diseases of human beings required for health care as
49 defined in this section, if rendered, shall be under the supervision and
50 control of the providers; and (B) for a health care center that provides
51 only dental services, dental care provided through licensed
52 practitioners, including any supporting and ancillary personnel,
53 services and supplies.

54 (9) "Health care center" means: [either:] (A) A person, including a
55 [profit] for-profit or a nonprofit corporation organized under the laws
56 of this state for the purpose of carrying out the activities and purposes
57 set forth in subsection (b) of section 38a-176, as amended by this act, at
58 the expense of the health care center, including the providing of health
59 care [, as herein defined,] to members of the community, including
60 subscribers to one or more plans under an agreement entitling such
61 subscribers to health care in consideration of a basic advance or
62 periodic charge and shall include a health maintenance organization,
63 or (B) a line of business conducted by an organization that is formed [.]
64 pursuant to the laws of this state for the purposes of, but not limited to,
65 carrying out the activities and purposes set forth in subsection (b) of
66 section 38a-176, as amended by this act.

67 (10) "Individual contract" means a contract for health care services
68 issued to and covering an individual. The individual contract may
69 include dependents of the subscriber.

70 (11) "Individual practice association" means a partnership,
71 corporation, association [.] or other legal entity [which] that has
72 entered into a services arrangement with health care professionals
73 licensed in this state to provide services to enrollees of a health care
74 center.

75 (12) "Insolvent" or "insolvency" means, with respect to an
76 organization, that the organization has been declared insolvent and
77 placed under an order of liquidation by a court of competent

78 jurisdiction.

79 (13) "Net worth" means the excess of total admitted assets over total
80 liabilities, but the liabilities shall not include fully subordinated debt,
81 as [defined] that term is used in section 38a-193.

82 (14) "Member" or "enrollee" means an individual who is enrolled in
83 a health care center.

84 (15) "Person" means an individual, corporation, limited liability
85 company, partnership, association, trust or any other legal entity.

86 (16) "Uncovered expenditures" means the cost of health care services
87 that are covered by a health care center, for which an enrollee would
88 also be liable in the event of the health care center's insolvency, and for
89 which no alternative arrangements have been made that are acceptable
90 to the commissioner. [Uncovered expenditures shall] "Uncovered
91 expenditures" does not include expenditures for services when a
92 provider has agreed not to bill the enrollee even though the provider is
93 not paid by the health care center or for services that are guaranteed,
94 insured or assumed by a person other than the health care center.

95 (17) "Enrolled population" means a group of persons, defined as to
96 probable age, sex and family composition, [which] that receives health
97 care from a health care center in consideration of a basic advance or
98 periodic charge.

99 (18) "Participating provider" means a provider who, under an
100 express or implied contract with the health care center or with its
101 contractor or subcontractor, has agreed to provide health care services
102 to enrollees with an expectation of receiving payment, other than
103 copayment or deductible, directly or indirectly from the health care
104 center.

105 (19) "Provider" means any licensed health care professional or
106 facility, including individual practice associations.

107 (20) "Subscriber" means an individual whose employment or other

108 status, except family dependency, is the basis for eligibility for
109 enrollment in the health care center, or in the case of an individual
110 contract, the person in whose name the contract is issued.

111 Sec. 2. Section 38a-176 of the general statutes is repealed and the
112 following is substituted in lieu thereof (*Effective October 1, 2016*):

113 (a) Each [such] health care center shall be governed by sections 38a-
114 175 to [38a-192] 38a-194, inclusive, as amended by this act, and by the
115 other applicable laws of the state to the extent not inconsistent with the
116 provisions of said sections.

117 (b) (1) The nature of the activities to be conducted and the purposes
118 to be carried out by a health care center include, but are not limited to:
119 [(1)] (A) Establishing, maintaining and operating facilities whereby
120 health care [, as hereinbefore defined,] may be provided at the expense
121 of the health care center; [(2)] and (B) providing health care (i) directly
122 by its health care center employees who, when required by law, shall
123 be duly licensed to render such service, or (ii) by agreement or by
124 indemnity arrangement with any hospital, hospital service
125 corporation, medical service corporation, medical group clinic or
126 person qualified and licensed to render any health care service, or (iii)
127 by both methods [; (3) entering] set forth in subparagraphs (B)(i) and
128 (B)(ii) of this subdivision.

129 (2) For a health care center that provides medical and surgical
130 services other than or in addition to dental services, the nature of the
131 activities to be conducted and the purposes to be carried out by such
132 health care center, in addition to those set forth in subdivision (1) of
133 this subsection, include, but are not limited to: (A) Entering into
134 agreements with any governmental agency, or any provider for the
135 training of personnel under the direction of persons licensed to
136 practice any healing art; [(4)] (B) establishing, operating and
137 maintaining a medical service center, clinic or any such other facility as
138 shall be necessary for the prevention, study, diagnosis and treatment
139 of human ailments and injuries and to promote medical, surgical,
140 dental and general health education, scientific education, research and

141 learning; [(5)] (C) marketing, enrolling and administering a health care
142 plan; [(6)] (D) contracting with insurers licensed in this state, including
143 hospital service corporations and medical service corporations; [(7)] (E)
144 offering, in addition to health services, benefits covering out-of-area or
145 emergency services; [(8)] (F) providing health services not included in
146 the health care plan on a fee-for-service basis; and [(9)] (G) entering
147 into contracts in furtherance of the purposes of sections 38a-175 to 38a-
148 192, inclusive, as amended by this act.

149 (3) A health care center that provides only dental services shall not
150 be required to conduct activities set forth in subdivision (2) of this
151 subsection.

152 Sec. 3. Section 38a-177 of the general statutes is repealed and the
153 following is substituted in lieu thereof (*Effective October 1, 2016*):

154 [Health care may be provided (a)] A health care center may provide
155 health care (1) directly [by a health care center] or by its employees or
156 contractors licensed by this state to render such services, or by contract
157 or by indemnity arrangement with any hospital, hospital service
158 corporation, medical service corporation or person qualified and
159 licensed to render any health care service or by both methods; and [(b)]
160 (2) by other methods to the extent permitted under the Federal Health
161 Maintenance Organization Act and the regulations adopted
162 thereunder from time to time unless otherwise determined by the
163 commissioner by regulation. A health care center may also enter into
164 agreements with hospitals or individuals approved by their respective
165 state regulating board, licensed to practice any of the healing arts, for
166 the training of personnel under the direction of persons licensed to
167 practice the profession or healing art. A health care center may also
168 maintain a clinic or clinics for the prevention, study, diagnosis and
169 treatment of human ailments and injuries by licensed persons and to
170 promote medical, surgical, dental [and] or scientific research and
171 learning.

172 Sec. 4. Section 38a-179 of the general statutes is repealed and the
173 following is substituted in lieu thereof (*Effective October 1, 2016*):

174 (a) If the health care center is organized as a nonprofit, nonstock
175 corporation, the care, control and disposition of the property and
176 funds of each such corporation and the general management of its
177 affairs shall be vested in a board of directors. Each such corporation
178 shall have the power to adopt bylaws for the governing of its affairs,
179 which bylaws shall prescribe the number of directors, their term of
180 office and the manner of their election, subject to the provisions of
181 sections 38a-175 to 38a-192, inclusive, as amended by this act. The
182 bylaws may be adopted and repealed or amended by the affirmative
183 vote of two-thirds of all the directors at any meeting of the board of
184 directors duly held upon at least ten days' notice, provided notice of
185 such meeting shall specify the proposed action concerning the bylaws
186 to be taken at such meeting. The bylaws of the corporation shall
187 provide that the board of directors shall include representation from
188 persons engaged in the healing arts and from persons who are eligible
189 to receive health care from the corporation, subject to the following
190 provisions: (1) One-quarter of the board of directors shall be persons
191 engaged in the different fields in the healing arts, at least two of whom
192 shall be a physician and a dentist, [:] except for a health care center that
193 provides only dental services, one-quarter of the board of directors
194 shall be persons engaged in the dental or related fields; and (2) one-
195 quarter of the board of directors shall be subscribers who are eligible to
196 receive health care from the health care center, but no such
197 representative need be seated until the first annual meeting following
198 the approval by the commissioner of the initial agreement or
199 agreements to be offered by the corporation, and there shall be only
200 one representative from any group covered by a group service
201 agreement.

202 (b) If the health care center is not organized as a nonprofit, nonstock
203 corporation, management of its affairs shall be in accordance with
204 other applicable laws of the state, provided [that] the health care center
205 shall establish and maintain a mechanism to afford its members an
206 opportunity to participate in matters of policy and operation, such as
207 an advisory panel, advisory referenda on major policy decisions or
208 other similar mechanisms.

209 Sec. 5. Section 38a-180 of the general statutes is repealed and the
210 following is substituted in lieu thereof (*Effective October 1, 2016*):

211 (a) Any clinic established [hereunder] under sections 38a-175 to 38a-
212 192, inclusive, as amended by this act, including a clinic [which] that is
213 a part of a medical service center or other facility, shall be subject to
214 approval as a clinic by the Commissioner of Public Health pursuant to
215 the standards established by [him] said commissioner for approved
216 clinics.

217 (b) Any person licensed to practice any of the healing arts or
218 occupations employed by a health care center governed by sections
219 38a-175 to 38a-192, inclusive, as amended by this act, shall not be
220 subject to reprimand or discipline because [he] such person is an
221 employee of the health care center or because such health care center
222 may be engaged in rendering health care or related care through its
223 own employees, [provided] except such person shall otherwise remain
224 subject to reprimand or discipline by the state regulating board
225 governing such profession or occupation as provided by law for [his]
226 such person's act or acts for unlawful, unprofessional or immoral
227 conduct. [by the state regulating board governing such profession or
228 occupation as provided by law.]

229 (c) (1) No health care center [which] that provides medical and
230 surgical services other than or in addition to dental services that
231 contracts with an individual practice association may prohibit any
232 practitioner of the healing arts from participating in such health care
233 center solely on the basis of [his] such practitioner's profession. No
234 person may interfere with the exercise by any other person of his or
235 her free choice in the selection of a practitioner [in] of the healing arts
236 who is participating in the health care center.

237 (2) No health care center that provides only dental services that
238 contracts with an individual practice association may prohibit any
239 practitioner of the healing arts from participating in such health care
240 center solely on the basis of such practitioner's profession if such
241 practitioner is licensed to perform services offered by such health care

242 center. No person may interfere with the exercise by any other person
243 of his or her free choice in the selection of a practitioner of the healing
244 arts who is participating in the health care center.

This act shall take effect as follows and shall amend the following sections:

Section 1	October 1, 2016	38a-175
Sec. 2	October 1, 2016	38a-176
Sec. 3	October 1, 2016	38a-177
Sec. 4	October 1, 2016	38a-179
Sec. 5	October 1, 2016	38a-180

Statement of Legislative Commissioners:

In Section 3, the Subdiv. designator "(1)" was moved for accuracy.

INS *Joint Favorable Subst. -LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 17 \$	FY 18 \$
Insurance Dept.	GF - Revenue Gain	1,430 - 4,290	380 - 1,140

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill allows the Insurance Department to license health care centers in Connecticut that offer only dental services. It is anticipated that one to three single purpose dental health care centers will apply for licensure, resulting in a General Fund revenue gain ranging from \$1,430 - \$4,290 in FY 17 and \$380 - \$1,140 in FY 18.¹ To the extent that additional single purpose dental health care centers apply for licensure in FY 18, revenue of \$1,430 per center would result.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of licenses.

¹ The fees for an initial health care center license total \$1,430 and the cost of subsequent year fees total \$380.

OLR Bill Analysis**sSB 368*****AN ACT CONCERNING LICENSURE OF SINGLE PURPOSE DENTAL HEALTH CARE CENTERS.*****SUMMARY:**

This bill allows the Insurance Department to license health care centers (commonly called HMOs) in Connecticut that offer only dental services. Under current law, HMOs that offer dental services must also offer an array of medical services.

The bill subjects a dental-only HMO generally to the same requirements as other HMOs, including net worth requirements. However, it specifies that a dental-only HMO does not have to conduct certain activities that the law allows a medical HMO to perform (see below). Additionally, the law requires one-fourth of a nonprofit HMO's board of directors be healing arts practitioners. The bill requires instead that one-fourth of the board members of a nonprofit dental-only HMO be in the dental or related fields.

The bill adds dental hygienists to the definition of "healing arts" for purposes of the HMO statutes. It also makes technical and conforming changes.

EFFECTIVE DATE: October 1, 2016

HMO ACTIVITIES AND PURPOSES

By law, unchanged by the bill, an HMO may (1) establish, maintain, and operate health care facilities and (2) provide health care using its own properly licensed employees or under agreement with a licensed hospital, hospital or medical service corporation, clinic, or health care provider.

Under current law, an HMO may also enter into agreements with a

government agency or health care provider for personnel training; establish, operate, and maintain medical service centers or clinics for education and research purposes; market and administer health care plans; contract with Connecticut-licensed insurers; offer out-of-area or emergency services; and provide health services not included in the health care plan on a fee-for-service basis. The bill specifies that a dental-only HMO does not have to perform these activities.

HEALING ARTS

The bill adds dental hygienists to the definition of “healing arts” in the HMO statutes. Various HMO statutes refer to the healing arts, including provisions on:

1. training provided under the direction of people licensed to practice a healing art (CGS §§ 38a-176 and 38a-177),
2. requiring certain representation of healing arts practitioners on a nonprofit HMO’s board of directors (CGS § 38a-179), and
3. allowing (a) healing arts practitioners to be employed by and participate in an HMO and (b) patients to choose healing arts practitioners in the HMO (CGS § 38a-180).

Under existing law, “healing arts” include doctors, surgeons, chiropractors, naturopaths, podiatrists, nurses, dentists, optometrists, opticians, psychologists, and pharmacists.

BACKGROUND

Related Bill

sSB 375, reported favorably by the Insurance and Real Estate Committee, authorizes multistate HMOs in Connecticut.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 19 Nay 0 (03/15/2016)